

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

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EXECUTIVE Docket No. 01-00799

**TO CONSIDER THE REQUIREMENTS
ON LOCAL EXCHANGE COMPANIES
ADOPTED IN DOCKET U-87-7492**

COMMENTS OF THE CITIZENS COMMUNICATIONS COMPANIES

Citizens Telecommunications Company of Tennessee, LLC and Citizens Telecommunications Company of the Volunteer State, LLC (hereinafter, the “Citizens ILECs” or “Citizens”), by their attorney, submit their comments in response to the TRA’s September 27, 2001 Notice of Filing. In summary, Citizens urges the TRA to discontinue the requirement that local exchange companies annually adjust their access rates in accordance with the provisions established in Docket U-87-7492, because the basic policy underpinnings of the March 17, 1988 Order in this docket no longer exist.

I. The 1988 Order Is Predicated Upon The Prohibition of IntraLATA Competition.

Throughout the 1988 Order, the TRA stated that it was based upon the decision that intraLATA competition was prohibited and that intraLATA calls from Megacom-like services were unauthorized and subject to special compensation if they could not be blocked.¹ This policy underpinning has been overtaken by events. IntraLATA competition is now permitted in Tennessee., Citizens implemented intraLATA equal access effective August 8, 1997 which

¹ March 17, 1988 Order at pp. 6, 7-9, 10-11, 12, 20-21.

permits their customers to make the choice of their “1+” intraLATA toll carriers in the same manner as they choose their interLATA toll carriers.² The primary basis of the 1988 Order has therefore been negated.

II. The 1988 Order No Longer Fulfills the Policy of Reducing Access Charges.

Another underpinning of the 1988 Order was the TRA’s intention “to reduce gradually the level of intrastate access charges.”³ The annual filing mechanism assumed that the adjustment to the intrastate Carrier Common Line Charge to maintain a fixed amount of access revenues per LEC access line would result in annual access charge reductions “as long as toll minutes continue to increase faster than access lines.”⁴ At least for Citizens Telecommunications Company of the Volunteer State,⁵ for the last two years the rate adjustment (which has not been filed by Citizens) would have increased Citizens’ intrastate access charges. For this additional reason the 1988 Order no longer forms a reasonable basis for setting access charges, because its policy underpinning is no longer there.

III. Access Charges Should Be Based On Many More Factors Than Per-Line Usage.

The annual adjustment mandated by the 1988 Order takes intrastate access charges up or down based only on changes in toll usage per access line. There are many more factors that the TRA should consider if it wishes to adjust access charges, including but not limited to:

- (1) the local exchange carrier’s costs;

² Because these choices are independent, the customer may therefore have three carriers: local exchange, intraLATA toll and interLATA toll carriers.

³ March 17, 1988 Order, p. 8.

⁴ March 17, 1988 Order, pp. 17-18.

⁵ The TRA does not require Citizens Telecommunications Company of Tennessee to make these filings because of its price cap regulatory structure (Docket # 98-00838).

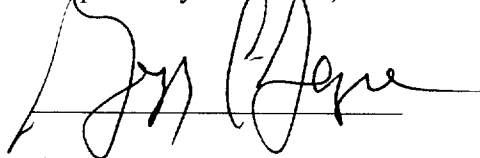
(2) the value of the subsidies (the excess of revenues over costs) provided by access charges to customers by keeping local service affordable; and

(3) the degree of intrastate toll competition in Tennessee and whether it appears to be damaged or hindered by intrastate access charges.

In the absence of the consideration of these and other policy factors, the TRA should not adjust intrastate access charges by means of a formula, particularly where the formula has little or no relationship to the key policy factors.

The Citizens Telecommunications Companies therefore respectfully submit that the annual adjustment formula is outdated and no longer related to the relevant policy factors involved in the determination of the reasonableness of access charges.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gregg C. Sayre", written over a horizontal line.

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